

SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION

A meeting of the Suffolk Tobacco Asset Securitization Corporation, a Local Development Corporation formed under Section 1411 of the New York Not-For-Profit Corporation Law, was held at the Offices of the Suffolk County Executive, 100 Veterans Memorial Highway, Hauppauge, New York, on June 19, 2008.

MEMBERS PRESENT:

James Morgo - Chairman and President
Terrence Pearsall - Treasurer and Secretary
Bob Venero - Vice President and Assistant Secretary

ALSO IN ATTENDANCE:

Dennis Brown - Assistant County Attorney
Richard Tortora - President/Capital Markets Advisors
LLC/Financial Advisor to Suffolk County
Fred Pollert - Deputy County Executive for Finance & Management
Robert Lipp - Deputy Director/Legislatures's Budget Review Office
Joan Sikorsky - Suffolk County Comptroller's Office
Pat Grimes - Suffolk County Comptroller's Office
Amy Engel - County Executive's Office
Bob Smith - Hawkins, Delafield & Wood
Todd Miles - Hawkins, Delafield & Wood
Susan Kennedy - Director/Tobacco Action Coalition of Long Island
Seth Squicciarino - Aide to DPO Vivian Vioria-Fisher/District #5
Rick Brand - Newsday

VERBATIM MINUTES TAKEN BY:

Alison Mahoney - Court Stenographer

*(*The meeting was called to order at 1:12 P.M.*)*

CHAIRMAN MORGO:

I am going to call to order the meeting of the Suffolk Tobacco Asset Securitization Corporation, from now on known as STASC. I have agendas. So we are called to order at -- what time do we have?

I'm always fast.

MR. VENERO:

Twelve after.

CHAIRMAN MORGO:

Twelve after 1 PM, June 19th, 2008.

The first item on the agenda is the public portion. Are there any members -- is there any member of the public who would like to be heard on any subject dealing with the business of this Local Development Corporation? Seeing none, we're going to move on.

I should, though, introduce all who are in the room. If you are a Director of STASC, please indicate that. Starting on my left.

MR. TORTORA:

Richard Tortora with Capital Market Advisors, Financial Advisor to STASC.

CHAIRMAN MORGO:

I'm Jim Morgo, Chairman of STASC.

MR. VENERO:

Bob Venero, one of the Directors on STASC.

MR. PEARSALL:

Terrence Pearsall, Director.

MS. MAHONEY:

Alison Mahoney, Court Stenographer.

MS. KENNEDY:

Susan Kennedy, I'm the Director of the Tobacco Action Coalition of Long Island.

MR. SQUICCIARINO:

Seth Squicciarino, I'm with Vivian Fisher's Office.

CHAIRMAN MORGO:

I don't know; did you hear that, Alison?

MR. SQUICCIARINO:

I'm sorry. I'm Seth Squicciarino, I'm with Vivian Vilorio-Fisher's Office.

MR. BRAND:

Rick Brand, Newsday.

MR. LIPP:

Robert Lipp, Legislature, Budget Review Office.

MR. POLLERT:

Fred Pollert, the Deputy for Finance & Management, County Exec's Office.

MS. SIKORSKY:

Joan Sikorsky, Municipal Finance, County Comptroller's Office.

MS. GRIMES:

Pat Grimes, Municipal Finance, County Comptroller's Office.

CHAIRMAN MORGO:

Okay. I would have expected our transactional Counsel --

MR. TORTORA:

They're on their way.

CHAIRMAN MORGO:

They're on their way, okay, and Dennis Brown who has been serving as the Counsel here.

The first matter before us is the acceptance -- a vote on, I should say, I shouldn't be presumptuous -- a vote on the minutes. We have two sets of minutes, gentlemen. The organizational minutes of May 27th, 2008; could I get a vote on that, please?

MR. PEARSALL:

Motion to accept those minutes.

MR. VENERO:

Second.

CHAIRMAN MORGO:

Second. All in favor? ***Minutes Accepted (VOTE: 3-0-0-0).***

And the second, the minutes of our June 13th, 2008.

MR. VENERO:

Motion to accept.

CHAIRMAN MORGO:

Bob Venero.

MR. PEARSALL:

Second.

CHAIRMAN MORGO:

Terry Pearsall. All those in favor? ***Minutes Accepted (VOTE: 3-0-0-0).***

Okay. Let me just go into some procedural items, if I could. We have several purposes for today's meeting. We will finalize certain aspects of our organizational meeting and we also -- we hope to make a choice for a Senior Manager for Securitization of the County's tobacco settlement revenue.

What the Senior Underwriter, the lead bank, the book runner, what that entity does is structure and market the bonds that are securitized by the tobacco settlement receipts coming from the master settlement agreement; I'm just setting this down so we all know just where we are. The LDC, STASC, actually issues the bonds that are securitized, collateralized by those receipts coming in and the terms and the structure and everything is something we have to talk about today. And we explored last time when we had the interviews, the public interviews with the four underwriters that were seen as the most capable, having the most experience, etcetera. The

lead underwriter makes its money based on the fees and the commissions, the actual structuring of the deal, marketing the deal, selling the bonds. New York Investment Banks with substantial New York -- okay, I'm going to just pause for a second.

***(*Dennis Brown and Transactional Counsel
Entered the meeting at 1:16 P.M.*)***

MR. BROWN:

We were talking and I apologize.

CHAIRMAN MORGO:

I mean, when we're talking about such interesting things as bond security, I mean, I know how the time flies. We have our Transactional Counsel; would you, Bob, introduce yourself, and Todd as well?

MR. SMITH:

Robert Smith, Hawkins, Delafield & Wood and Todd Miles, also from Hawkins, Delafield & Wood.

MR. TORTORA:

We're going to put our bankers here, so maybe just grab those two.

CHAIRMAN MORGO:

And Dennis?

MR. BROWNING:

Yes, Dennis Brown, County Attorney's Office.

CHAIRMAN MORGO:

Okay. Just to get -- I'm going over, gentlemen, some procedural matters, and I'm not going to repeat myself. The New York Investment Banks with substantial -- particularly in New York and national experience in the area of tobacco revenue securitization, banks were solicited directly by STASC, seven replied with proposed transactions. Those with the greatest amount of senior management experience were interviewed, that was four -- and we were all at that meeting, unfortunately held on June 13th, Friday the 13th -- and of those, two are being called back for final discussion.

At the conclusion of discussion, we hope to choose one today as Senior Management, depending upon how those discussions, negotiations go. The investment bank that offers the transaction which provides the most economic benefit to the County will be the one selected. Initially the meetings will be open to the public. Today's discussion and negotiations with the contenders for Senior Manager will be in executive session. The board will return --

MR. BRAND:

Why?

CHAIRMAN MORGO:

Excuse me?

MR. BRAND:

Just why?

CHAIRMAN MORGO:

Because it's negotiations. The board will return from executive session following the discussion with the contenders and we'll go back to open session after we have those discussions, negotiations. It's estimated that this executive session will run several hours. We hopefully -- at

the end of the beginning, if you will. This is actually the beginning process. This process is going to go on for a while, hopefully making progress.

I also have to just mention for procedure that we did -- New York State Department of Taxation & Finance gave us our Corporate Tax Account number, so we're getting more and more efficient, gentlemen. And if there are no other matters, I'm going to begin the executive session of the interviews. I would like obviously the Directors to remain, Transactional Counsel, Financial Advisor and Dennis Brown to remain here. And Fred, I don't know if I mentioned Fred, the Deputy Finance Manager. Okay?

MR. BROWN:

I just have to ask you a question, Jim.

*(*Discussion held off record*)*

CHAIRMAN MORGO:

Joan, we would like you to stay as well, if you can. And Amy, I would like you to stay. All right. Also Robert Lipp and the Comptroller's Office, Joan Sikorsky is going to stay.

MS. SIKORSKY:

Jim, I would just like Pat, my associate, to remain?

CHAIRMAN MORGO:

Okay. Okay? So I'm going to go into executive session.

MR. BRAND:

No, you're not.

CHAIRMAN MORGO:

Why?

MR. BRAND:

You have to vote.

CHAIRMAN MORGO:

Oh, yes, that's right. We need a vote to go into executive session.

MR. BRAND:

And for what reason?

CHAIRMAN MORGO:

For negotiations; thank you. Is there a motion to go into executive session?

MR. VENERO:

Motion.

MR. PEARSALL:

Seconded.

CHAIRMAN MORGO:

All those in favor? Aye..

*(*The meeting was moved into executive session at 1:20 P.M.*)*